



## STANDARDS APPROVAL PROCESS

	APS	IAN	FRC
<b>Follow steps below</b>			
<b>FOR:</b>			
<b>ACTUARIAL PROFESSIONAL STANDARDS (APSs)</b>	<b>1 to 2 and 4 to 24</b>		
<b>INFORMATION AND ASSISTANCE NOTES (IANs)</b>	<b>1 to 2, 4 to 9 and 23 to 24</b>		
<b>PROPOSALS TO THE FINANCIAL REPORTING COUNCIL (FRC)</b>	<b>3</b>		
<b>AMENDMENTS TO THE ACTUARIES' CODE OR APSs</b>	<b>1 to 2 then 4 to 24</b>		
<b>PUBLICATION OF AN FRC STANDARD</b>	<b>25</b>		
<b>DELETION OF AN APS</b>	<b>28 to 31</b>		
<b>DELETION OF AN IAN</b>	<b>32 to 33</b>		
<b>RE-ADOPTION OF GUIDANCE NOTES (GNs) PREVIOUSLY ADOPTED BY THE FRC AND SUBSEQUENTLY DISAPPLIED</b>	<b>34 to 36</b>		
<b>NON MANDATORY RESOURCE MATERIAL</b>	<b>37</b>		

### Introduction

This Standards Approval Process has been introduced to help:

- build consistency in APSs and IANs;
- ensure that scarce resource is applied appropriately;
- ensure that important issues are considered at an early stage of design: and
- ensure a review is undertaken.

### Before commencing drafting an APS, or IAN (or drafting proposed amendments)

1. Sponsors must submit Proposals to draft or amend the Actuaries' Code, an APS or IAN using the Standard Proposal Form at Appendix 1<sup>1</sup>, for consideration by the Standards Review Committee (SRC). The Proposal must contain express confirmation that the FRC has been consulted on the principle of introducing a new APS or IAN and a copy of any response must be attached. If the Sponsor considers that any legal advice will be required in drafting the APS or IAN, they must flag this up in the Proposal.
2. The SRC will consider the Proposal and may:
  - reject the Proposal;
  - request additional information from the Sponsor; or
  - approve the Proposal.

In all cases the SRC will provide written feedback to the Sponsor.

<sup>1</sup> This template to be used also for Proposal to alert the FRC to the need for an FRC Standard.

### Proposal to alert the FRC to the need for a FRC Standard<sup>2</sup> or to amend an existing FRC Standard

3. If a Sponsor identifies a requirement to alert the FRC to the need for a FRC Standard or to amend an existing FRC Standard, the Sponsor must submit a Proposal using the Standard Proposal Form at Appendix 1. The Proposal must contain express confirmation that prior consultation with the FRC has taken place and a copy of any response must be attached. If the Proposal is approved, the SRC will refer the matter to the Professional Regulation Executive Committee (PREC) for further action and formal liaison with the FRC and advise the Sponsor accordingly.

### Pre-Consultation

4. If the Proposal is approved, the SRC executive may circulate the approved Proposal to the Practice Executive Committees (PECs) inviting high level comments. A period of up to one month is allowed for this private consultation process.
5. The SRC Executive will be responsible for collating all feedback from this phase. The collated feedback will be copied to the Sponsor and be available to the SRC for review at its subsequent consideration of the draft.

### Drafting an APS or IAN

6. Detailed drafting of the APS or IAN will be undertaken by the Sponsor, which may decide to establish a time-bound group for that purpose. The drafting committee or working group must follow the Style Guidelines in drafting the APS or IAN. (See Appendix 2 for an APS and Appendix 3 for an IAN.) Before submitting the draft APS or IAN to the SRC, the Sponsor must:
  - ensure that the draft has been peer reviewed and confirmed to be technically correct;
  - observe the 5 principles of good regulation<sup>3</sup>;
  - ensure it supports the FRC's Actuarial Quality Framework<sup>4</sup> drivers; and
  - ensure it supports the Actuaries' Code and identify the relevant principles in the Code where appropriate.
7. The Sponsor submits a near final draft (having taken account of the Style Guidelines as appropriate and having considered comments made at the pre-consultation phase) to the SRC for review of consistency, style and language and to ensure that any feedback from the pre-consultation phase has been properly considered. The Sponsor must give a full report on how the feedback has been dealt with and must also provide evidence of peer review and technical sign off.

Any required changes will be communicated to the Sponsor.

<sup>2</sup> FRC Standards include: Technical Actuarial Standards (TASs), Technical Memoranda (TMs) and Guidance Notes (GNs)

<sup>3</sup> The good regulation principles are: transparency, accountability, proportionality, consistency and targeted.

Sir Philip Hampton review 2005 – 'Reducing administrative burdens: effective inspection and enforcement'

<sup>4</sup> <http://www.frc.org.uk/Our-Work/Conduct/Professional-oversight/Oversight-of-the-Actuarial-Profession/Actuarial-Quality-Framework.aspx>

8. The SRC will take legal advice on any draft APSs or IANs as it sees fit at any stage in this process. The Sponsor will receive a copy of any legal advice obtained for its consideration and will be asked to implement any drafting changes or to explain why it considers that they should not be made. An amended draft will then be re-submitted to the SRC for approval.
9. In the case of a proposed IAN, the Sponsor must produce a final draft for sign off by the SRC prior to publication. **(Proceed to step 21.)**
10. In the case of an APS, the SRC executive will arrange an informal meeting with the FRC to discuss the proposed Exposure Draft (ED).
11. The SRC will consider feedback from this meeting before approving the final ED and assigning an ED number.

#### **Exposure / Consultation Process for APSs**

12. The SRC executive will then arrange a 2 month (minimum) consultation with members and interested stakeholders, as appropriate, from a consultation list maintained for this purpose. This process includes:
  - an e-mail alert to all members notifying them of the consultation exercise;
  - a notice published in The Actuary;
  - a notice on the Institute and Faculty of Actuaries' (IFoA) website;
  - using any other appropriate means of communication; and/or
  - collation of all feedback from the consultation exercise.
13. For a new APS or amendments to an existing APS or the Actuaries' Code, consultation meetings will be arranged, which are open to all members and to the public. These will normally take place in London and Edinburgh.
14. If the Sponsor is proposing amendments to an existing APS, the SRC may decide to restrict the consultation to the amendments only.
15. In the case of minor procedural amendments to an existing APS, the SRC may decide it is not necessary to hold consultation meetings. Members will be informed of the rationale for the decision.
16. During the consultation period, the SRC executive will arrange a formal consultation meeting with the FRC.
17. Following conclusion of the consultation period, all feedback will be collated by the SRC executive and sent to the Sponsor for review of the ED.

#### **Approval by the SRC**

18. The Sponsor must submit a revised draft (showing tracked changes from the ED version) together with feedback and responses to that feedback to the SRC for final approval. Responses to feedback must justify why any particular comments or suggestions have not been taken on board.
19. If comments received in the exposure consultation period result in significant changes, the SRC may decide that a further consultation period is necessary.

20. If the SRC is satisfied that the final draft reflects due consideration of comments received during the consultation process, and that further consultation is not necessary, the final draft is assigned an APS designation and approved for publication and issue.

#### **Publication of the approved APS or IAN**

##### **Steps 21-22 apply to an APS only and Steps 23 – 24 to an APS and IAN**

21. The SRC executive will post the final approved APS, together with all feedback (anonymised but including separately, a list of those contributors who are content to have their names disclosed) and the Sponsor's responses to the feedback, on the IFoA's website a minimum of 1 month prior to the effective date where possible. A sample consultation response feedback document is at Appendix 4. This includes an analysis of how the APS supports the principles of the Actuaries' Code and the FRC's Actuarial Quality Framework drivers.
22. All external bodies invited to contribute to the consultation exercise will be notified by e-mail of the existence of the APS with a link to an advance copy on the IFoA's website and notice of the effective date.
23. The SRC executive will send an e-mail alert to all members notifying them of the existence of the APS or IAN with a link to an advance copy on the IFoA's website, and for an APS, notice of the effective date.
24. The SRC executive will publish a notice in the next available issue of The Actuary to alert members to the publication of the APS or IAN on the IFoA's website.

#### **Publication of a FRC Standard**

25. If the FRC publishes a new or amended FRC standard the SRC executive staff will advise members by:
  - sending an email alert to all members;
  - publishing a notice on the IFoA's website;
  - publishing a notice in The Actuary; and/or
  - using any other means of communication as appropriate.

#### **Exceptions to the Conventional Approval Process**

26. Fast Track - a Fast Track process, which does not entail exposure, may be approved by the SRC in cases where it is necessary to introduce or amend an APS more quickly than the conventional route allows e.g. to reflect changes to legislation. However, any APS introduced or amended by the Fast Track route must be subject to the conventional standard approval route simultaneously, or as soon as possible thereafter, and in any event within eighteen months of it coming into effect.
27. Minor procedural amendments – if the proposed amendments are minor, i.e. do not materially change the meaning, effect or substance of the APS, the SRC may agree to implement the amendments without consultation. Members will be informed of the rationale for this decision.

### Deletion of an APS

28. If a Sponsor considers that an APS has become redundant, a Proposal to delete the APS (see Appendix 1) must be submitted to the SRC for consideration. The Proposal must contain express confirmation that the FRC has been consulted on the principle of deleting an APS and a copy of any response must be attached.
  
29. Following consideration by the SRC, its decision will be communicated to the Sponsor. In the event that the SRC approves the Proposal to delete an APS, the SRC executive will conduct a 1 month (minimum) consultation with members and interested stakeholders, as appropriate, from a consultation list maintained for this purpose. This process will include advising members by:
  - sending an e-mail alert to all members;
  - publishing a notice on the IFoA's website;
  - publishing a notice in The Actuary; and/or
  - using any other means of communication as appropriate.
  
30. At the end of the consultation period, the SRC considers all feedback from the consultation exercise and unless it is of the opinion there is strong opposition to the proposed deletion, will approve the Proposal to delete the APS. In the event of there being strong opposition, the SRC will determine what further action should be taken.
  
31. Where deletion is approved, the SRC executive staff will advise members by:
  - sending an e-mail alert to all members;
  - publishing a notice on the IFoA's website;
  - publishing a notice in The Actuary; and/or
  - using any other means of communication as appropriate.

### Deletion of an IAN

32. If a Sponsor considers that an IAN has become redundant, a Proposal to delete the IAN (see Appendix 1) must be submitted to the SRC for consideration. The Proposal must contain express confirmation that the FRC has been consulted on the deletion of the IAN and copies of any responses must be attached.
  
33. Following consideration by the SRC, its decision will be communicated to the Sponsor. In the event that the SRC approves the Proposal to delete an IAN, the SRC executive will arrange for the IAN to be removed from the IFoA's website and will advise members by:
  - sending an e-mail alert to all members notifying them of the deletion of the IAN;
  - publishing a notice on the IFoA's website;
  - publishing a notice in The Actuary; and/or
  - using any other means of communication as appropriate.

### Re-adoption of GNs previously adopted by the FRC and subsequently disapplied

34. In creating its standards framework, the FRC may elect to disapply all or part of GNs previously adopted (19 May 2006 or later). Until such time as the IFoA brings forward standards which supersede them, the IFoA may choose to re-adopt these standards.

35. Upon agreeing a scheduled date and time for re-adoption (with the FRC), the SRC executive will give 1 clear month's notice of that date to the membership of the intention to re-adopt the GN.
  
36. Notice will be given to members by:
  - sending an e-mail alert to all members;
  - publishing a notice on the IFoA's website;
  - publishing a notice in The Actuary; and/or
  - using any other means of communication as appropriate.

**Non-Mandatory Resource Material**

37. If Sponsors wish to develop non-mandatory resource material, they are encouraged to follow the IFoA's "[Quick Tips Guide](#) to producing non-mandatory resource material" and to notify the SRC executive of its existence once published.